

Jeroen Walstra M.A., C.E.A.
Earnings Analyst

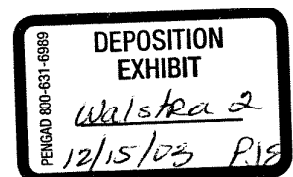
Standard Life Bldg., 345 Fourth Ave, Ste 906
 Pittsburgh, PA 15222
 Tel: (412) 434-0855
 Fax: (412) 434-1326

Lost Earning Capacity Report

Name: Bruce Liller
 Date of Birth: 3/9/1975
 Age: 28
 Referral Source: Arnold F. Phillips, Esquire
 Date of Accident: 4/17/02
 Date of Report: 9/17/03

Reports Review

Dr. Cohen indicates in his report of 9/15/03: "Bruce reports that he is a 1993 graduate of Southern Garret High School... He was eventually hoping to go into the construction business for himself..." and "After the accident, Bruce was off work for eight months. In 12/02 he began working increasingly more hours and was back working full-time in two months. He returned to his same job as a foreman for his father's construction company earning \$15 per hour. However, due to his physical limitations, a laborer, earning \$8 per hour was hired. This laborer performs physical activities that Bruce cannot perform such as carrying his tool belt and lifting." And "He has work experience both as a carpenter and as a supervisor and superintendent of construction, earning \$18 per hour in South Carolina. The national average for such jobs is \$23.77 per hour..." This is roughly consistent with Bruce's wage of \$15 per hour plus the \$8 per hour wage provided to the laborer who helps him..." "It is therefore my opinion, based on a reasonable degree of professional certainty, that Bruce Liller, if not for the accident, had the earnings capacity of \$23.77 per hour working and a construction supervisor or superintendent. Since the accident his earnings capacity has been reduced to \$15 per hour working in a family construction business. He has past and future losses associated with this loss of earning capacity."



Introduction

Bruce Liller is a twenty-eight year old male who suffered several injuries on 4/17/02 as a result of an automobile accident. His date of birth is 3/9/1975. Before the accident he was working as a foreman earning \$23.00 per hour. Since returning to work on 12/02 he is earning \$15.00 per hour. He has an assistant who costs \$8.00 per hour to help him do



physical tasks he can no longer perform. He reports that he started working full time since 2/03. In his job he did not receive fringe benefits. He is a high school graduate. After the accident he was off for eight months

Assumptions:

At the time of the injury, Bruce was 27.11 years old. His annual earning capacity before the accident was \$49,442, or \$23.77 per hour.¹ After the accident, Bruce's earning capacity after the accident is \$31,200.00. His work life expectancy (WLE) until age 67, his social security retirement age, is 39.89 years. His life expectancy at age 27 was 48.7 years.² The real interest rate used for discounting to net present value is 2.5%. The real wage growth rate used is 1.12%.³ The net discount rate is 1.38%. He did not receive fringe benefits. He is self-employed.

Calculations

Past Lost Earning Capacity

Bruce lost a half-year of work. The loss of earning capacity for this period is \$32,961.07. He then worked for two months only half time at \$15.00 per hour. The loss over this period is \$5,640.27 and then for approximately half a year he worked full time. The loss of earning capacity for this period is \$9,880.86. Therefore, his past lost earning capacity is **\$48,482.20**

Future lost earning capacity

Michael's earning capacity has been reduced by \$18,241.60 per year. Over a future period of 38.52 years, discounted to present value the lost earning capacity is **\$496,508.76**.

The total of past and future lost earning capacity is **\$544,990.96**.

Summary

As a result of the accident Bruce Liller suffered the following economic damages:

| Summary | |
|------------------------------|---------------------|
| Past Lost earning capacity | \$48,482.20 |
| Future Lost Earning capacity | \$496,508.76 |
| Total | \$544,990.96 |

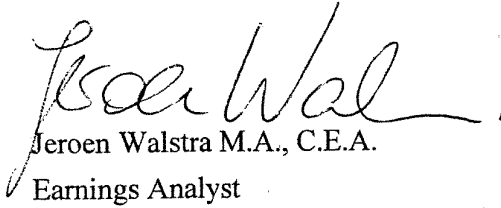
The total economic damage is **\$544,990.96**.

¹ www.bls.gov, 47-1011 First-line Supervisors/Managers of Construction trade, National Average

² National Vital Statistics Reports, Vol. 51, No. 3 Dec. 19, 2002

³ Economic Report of the President, 2003

It is my opinion, based on a reasonable degree of professional certainty, that the above calculations are accurate.



Jeroen Walstra M.A., C.E.A.
Earnings Analyst